Privatisation of Insurance Sector

2029. SHRI G. PRATHAPA REDDY:
DR. SHRIKANT RAMCHANDRA JICHKAR:

Will the Minister of FINANCE be *pleased to state:*

(a) whether Government propose to privatise the Life Insurance sector and other insurance sectors;

(b) if so, by when the legislative changes are likely to be made;

(c) whether Government has accepted the Malhotra Committee Report;

(d) if so, when and to what extent; and

(e) if not, what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (e) The report of the Malhotra Committee on Reforms in the Insurance Sector is under consideration of the Government.

Impact of Change in Interest Rates by Banks

2030. SHRI SHANKAR DAYAL SINGH:

DR. SHRIKANT RAMCHANDRA JICHKAR:

Will the Minister of FINANCE be pleased to state:

(a) whether the recent changes in interest rates of banks and issuing of instructions by the RBI in this regard has had a positive impact on the Indian economy in general and the banking sector in particular;

(b) if so, what is the nature of this impact;

(c) what was the objective in the mind of Government in bringing such a change;

(d) whether there are earlier precedents in our country about the step of such a magnitude, and if so, what are their details thereof; and

(e) for how long the present orders will continue?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (e) The structure of interest rates of commercial banks is determined by Reserve Bank of India (RBI) taking into account a number of factors including relative priorities accorded to various sectors of the economy/sections of population, growth rate of the economy and its sub-[illegible] rate of inflation, the pace of monetary expansion, the cost of raising resources by banks and the profitability of banks. The structure of interest rates is reviewed continuously from time to time keeping in view the above factors. As part of the financial sector reforms, RBI has been taking steps to gradually rationalise the administered structure of interest rates. As a follow up it the above policy, effective from October 18, 1994, the banks have been given freedom to fix their own lending rates for credit limits of over Rs. 2 lakhs. The above ratinoalisation of lending rates would result in a structure of interest rates in which banks would have a measure of flexibility in charging rates to borrowers which reflect the cost of funds to the banks and which enable banks to offer borrowers with a good credit record the finest possible rates. It will also ensure expansion in bank credit which is related to the increase in industrial activity. Banks have been advised to ensure that their resources are utilised to meeting the requirements of all the productive segments in the economy. It may also be added that no change has been made in the interest rate on term deposits of commercial banks. However, the interest rate of savings deposits account has been lowered by 0.5 percentage point effective from November 1, 1994. The lowering of the interest rate on savings deposits would not adversely affect mobilisation of deposits by banks.

Income Tax Collections

2031. SHRI VIRENDRA KATARIA: Will the Minister of FINANCE be pleased to state:

(a) what has been the details of the income tax colleced from individuals/firms/companies etc. during the last three years year-wise from Punjab; and

(b) how these figures are compared with the rest of States and Uinon Territories?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) The desired information is given below:—

(Rupees in crores)

	1991-92	1992-93	1993-94
Companies	127.33	135.45	122.04
Individuals/ firms etc.	216.60	232.38	253.56

(b) Such a data is not compiled. The desired information in respect of all the States and Union Territories will have to be gathered from the field formations and time and efforts involved in collecting the same may not be commensurate with the objective sought to be achieved.